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16 December 1968

MEMORANDUM FOR: DDI Planning Officer

SUBJECT : Planning FY 1971-FY 1975

1. This planning statement is in effect the first to reflect the Directorate's experience in having an Office of Strategic Research. Too little time had elapsed between the creation of the Office on 1 July 1967 and the preparation of the FY 1970-FY 1974 Program Call a year ago to enable it to be more than an extension, in new garb, of the plans associated with the ORR and OCI components that made up the new Office. We now have had almost a year and a half to develop our capabilities as an Office and to measure our resources against the demands (present and prospective) upon them.

2. As I see it, the resources of the Office of Strategic Research today are deficient in almost every area of its responsibilities. That this is so is not surprising. The Office had to begin with only those resources available within the Directorate at the outset of FY 1968. The increases received for FY 1969 and programmed for FY 1970 help but fall considerably short of what, in my judgment, are the levels required realistically to meet the needs of the Deputy Director for Intelligence in his responsibility for military intelligence production.

3. As Mr. Smith expected, the elevation of the Directorate's activities in the military analytical field to Office level has enhanced our ability to work effectively throughout the US Government [REDACTED] It has at the same time increased the number and kinds of demands in this field levied upon the Directorate.

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4. Coincident with the establishment of the Office has been the opening up of fields in military intelligence analysis that a few years ago were thought to be closed to new initiatives. This is the result largely of two things:

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The impact was felt first in the work on the ground forces of the USSR. We are far from finished with that subject. Meantime, we are faced with the need to apply this analytical approach to other subject areas--Soviet naval and air forces, Chinese general purpose forces, the North Korean ground forces, the ground forces of Eastern Europe. It is characteristic of this kind of intelligence analysis that it requires substantial personnel resources--both in OSR and in IAS--and results come slowly.

5. Resources for the production of intelligence, in the military field, continue to be badly out of balance with the very large resources devoted to collection and processing. At present, an additional dollar (or person) applied at the margin brings a far greater return in the areas of production than in the areas of collection or processing. In military and military-economic intelligence production, despite impressive gains over the last several years, we continue to work against a large backlog of problems for which information exists but on which production has been limited by the resources available. I am particularly concerned about this imbalance as I look ahead to the impressively large collection programs which are on stream for the early 1970's.

6. As a foreword to the OSR Program Plan, let me in brief set out the planning considerations that I have had in mind as we reviewed the development of OSR through the next five years or so.

✓ 7. Soviet Union and the Warsaw Pact Countries. Intelligence production, both research and current, in this area will continue to be the major claimant

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on OSR resources. The work OSR does in this area has a demonstrably direct effect on planning with respect to the size and shape of the budget of the Department of Defense. For example, OSR has been the major Agency point of contact for the Office of the Secretary of Defense (Systems Analysis) for intelligence judgments on Soviet forces. Irrespective of what changes may be made in the organizational structure of the Office of the Secretary of Defense and its staff elements, it is clear that OSR will continue to play a major role in generating the intelligence data used in quantitative and qualitative analysis at the OSD level.

more or less?

8. Since July 1968, a new element has entered the intelligence picture. With a Soviet agreement to enter actively into discussions on the "limitation and subsequent reduction of means of delivering strategic weapons," new demands are being placed on OSR. A new stringency attaches to our analysis on Soviet strategic arms--their present numbers, our ability to forecast and detect change, our judgments of what will be important to the Soviets if negotiations become a reality. This is work that cuts across the entire Office.

9. The success of OSR, working with IAS, in its attack on the Soviet ground forces intelligence problem has spawned a keen interest in DoD, particularly in entities such as Systems Analysis, for the same kind of careful, quantified assessment of other Soviet forces, and Chinese and North Korean forces as well. This has in turn been reflected in a variety of studies relating to NATO policy and other questions of US political-military policy. The Central Intelligence Agency is looked to for work on these subjects because of its freedom from departmental policy pressures, as well as its innovative approach in the application of new intelligence techniques to old problems. As I look ahead to FY 1975, I see little likelihood of any decline in the role the Agency--and OSR--is expected to play.

DIA has the responsibility and the resources?

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10. A vital part of OSR's overall intelligence approach to the analysis of military forces is its military-economics work. This work--which, by agreement between the DCI and the Deputy Secretary of Defense, is concentrated in CIA and performed as a service of common concern--has of necessity been almost entirely limited to Soviet forces. Beginning in FY 1969, we have started to apply some resources to military-economics analysis of Chinese and Eastern European forces. Over the next five years or so, we must create a capability in this area that is roughly equal to the capability we now have on the USSR. This will require some increase in personnel although we believe some diversion of resources now on the Soviet problem may be possible.

11. China, North Korea, and North Vietnam. As noted last year, our plans call for creating in FY 1971 a China Division out of the China Branch in the Theater Forces Division. Good management, as well as the nature of the intelligence problem, will require this. The Branch already is so large that we are considering dividing it into two branches in FY 1970. The situation that has developed in Korea over the last year means that we must step up the work we are doing on North Korean forces. We have begun to do this and, looking ahead, I expect the China Division will require a NK-NVN branch, probably from the time of its establishment.

12. As noted above, the military-economics effort on China is a major new area in our planning. I expect initially to have that work largely accomplished within the existing Programs Analysis Division with close working relations with the China Division.

13. So far as Chinese forces are concerned, the major intelligence analytical problem in terms of resources will be the conventional forces. US policy planning for the Far East must be based on a far better understanding of Chinese capabilities for employment of its ground, naval, and air forces than the intelligence community can demonstrate

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today. At the same time, intelligence analysis on whatever strategic nuclear forces the Chinese finally deploy will be a priority obligation of OSR. Our planning has foreseen this expansion of effort on China and the Far East. I suggest, however, that all the factors at work--policy interests and pressures, availability of sources and information, and analytical capabilities--mean we should be advancing timetables of the past and building up our resources on China faster than previously planned.

14. OSR is including no projection for intelligence analytical resources, current or research, on the armed forces of North Vietnam. This area was deliberately excluded from OSR when the Office was established, in order not to interrupt arrangements then being applied to a current critical problem. I expect, however, that in the time covered by this planning period the responsibility for those forces would move to OSR. I have discussed this with the Director of Current Intelligence and he agrees with this view.

*will transfer
2 slots
from OCI
for this in
FY-72*

15. Third World countries. OSR now devotes a little more than five percent of its current and research manpower to analysis of non-Communist countries with advanced weapons capabilities or potential. Given the other priorities, I foresee little change in this level, at least in the early years of this planning period. The pressures for significant increase, if they come, probably will occur toward the mid-1970's when more countries have assimilated the technology associated with advanced weapons and delivery systems.

16. Automation, the intelligence process, and OSR. This planning paper deals more fully than the last with the application of automated techniques to OSR's responsibilities. I am convinced that the future capability of the Intelligence Directorate in the area for which OSR is responsible is intimately bound up with what we--and the Agency--are able to do in EDP.

17. Throughout the planning process, I have assumed that OSR will pursue a vigorous program to

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incorporate automated techniques into the total analytical process. We must do this and we must do it successfully if OSR is to have advanced significantly in the military analytical field by FY 1975. There are not enough personnel resources available to the Intelligence Directorate for OSR to enable us to meet our objectives solely through an increase in people. //

✓ 18. Collection management. Although not as visible as OSR's intelligence production, our investment in time and people to guide the collection of intelligence information is a major claimant on OSR's resources. This will increase as new systems become operational, for it is characteristic of virtually all new technical collection systems that their major output will be in those subject areas directly a part of OSR's responsibility. This means that over the planning period OSR will, in addition to finding ways to automate its work in collection management, require some increase in the number of people assigned to this work.

✓ 19. Production assistance. OSR has one Production Assistant who works with OCI as a part of this Office's responsibility for current reporting in the military and military-related scientific and technical fields. After a year and a half, I am coming to the view that expansion of the Production Assistant concept to the other producing divisions of OSR is desirable, and for many of the same reasons that led OCI to develop this approach several years ago. The division chiefs and their deputies are so involved in the day-to-day matters of management, policy, and representation, as well as substance, that their time available for prompt and uninterrupted review of material prepared for publication is greatly circumscribed. I plan to test this concept in FY 1970 and, if successful, propose its Office-wide application in FY 1971.

20. OSR and IAS. I understand that OSR is now responsible for about half of the departmental direct support requirements against which IAS programs its work. We are already faced with a //

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situation where the expansion of OSR's work in the application of the Soviet ground forces methodology to other Soviet forces and to other countries is limited in part by the capabilities of IAS. Mr. Stoertz and I have been examining short-term solutions. It seems to me inevitable that the advent of new photographic systems and the pressures noted above to expand OSR's work of this nature will, to be effective, require increased capabilities in IAS.

21. In brief, OSR is the Directorate's point of responsibility for a major area of activity within the intelligence community and within the US Government. This is an area of increasing supply (in the form of future collection systems) and growing demand (for more data, more advanced analysis, on a broader range of subjects). OSR will best be prepared to meet its responsibilities in this area over the next five years with resource increases at the levels indicated in the Annex

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BRUCE C. CLARKE, Jr.
Director
Strategic Research

Attachment:
Annex

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The FY 1971 personnel requirements over those now programmed for OSR in FY 1970 are for the following purposes:

6 -Five professionals and one clerical to effect the establishment of a China (or Far East) Forces Division and to increase current reporting and research analysis on Chinese and North Korean (and possibly North Vietnamese) forces.

4 -Four professionals to increase OSR work on military-economic analysis of Eastern European and Chinese military forces.

4 -Four professionals to increase research analysis on the air, naval, and ground forces of USSR and Eastern European countries.

3 -Three professionals to serve as production assistants in the review and preparation of material in the research analysis divisions.

1 -One professional to help the OSR Planning Staff in its growing responsibilities for the development of OSR computer-assigned programs and for guidance to technical and other collection sources.

1 -One professional to help the Publication Staff cope with increased intelligence production.

2 -Two clericals or intelligence assistants to provide necessary clerical support and to release analysts from detailed work of a clerical nature.

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*This is an excerpt from
the detailed planning paper.*

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